

3. Attached hereto as Exhibit 2 is a true and correct copy of additional excerpted deposition testimony given by Ronald Foresman (ISL Fed. R. Civ. P. 30(b)(6) designee).

4. Attached hereto as Exhibit 3 is a true and correct copy of excerpted deposition testimony given by King County Investment Pool Advisor John T. Dobrowolski, ISL advisor Glenn E. Scott, ISL advisor David Sommers, and IKB analyst Dr. Klaus Bauknecht.

5. Attached hereto as Exhibit 4 is a true and correct excerpted copy of a draft Rhinebridge termsheet and related September 2006 presentation provided to S&P, Bates-stamped S&P-IKB 0012940-13068.

6. Attached hereto as Exhibit 5 is a collection of excerpted Rhinebridge-related documents prepared by former Defendant IKB and current Defendant Morgan Stanley, consisting of: a true and correct excerpted copy of an IKB email dated July 17, 2007 and attaching Rhinebridge marketing materials for investor review, Bates-stamped IKB 000030823-56; an email chain Bates-stamped IKB 000109565-66 reflecting delivery of the Rhinebridge PPM to ISL representatives; and a true and correct copy of MS_RHI_000315636-37, a March 21, 2007 Morgan Stanley email attaching potential investor comments regarding the Rhinebridge SIV.

7. Attached hereto as Exhibit 6 is a collection of excerpted documents produced in discovery by Plaintiff King County, consisting of: a true and correct excerpted copy of the Rhinebridge private placement memorandum Bates-stamped KC 0023229-403; a true and correct excerpted copy of an email chain Bates-stamped KCe0023244-54; ; a true and correct copy of an email dated October 19, 2007 and Bates-stamped KC 0013657-58; a true and correct excerpted copy of an email chain Bates-stamped KCe0046219-31.

8. Attached hereto as Exhibit 7 is a collection of additional excerpted documents produced in discovery by Plaintiff King County and documents produced in discovery by John Rose, a member of the King County Investment Advisory Panel, consisting of: a true and correct excerpted copy of a 2006 King County Investment Pool Annual Report, Bates-stamped KC 0001601-06; a true and correct copy of an email dated May 28, 2008 and Bates-stamped KCe0004182-84; and a true and correct copy of an email from John Rose Bates-stamped John_Rose_0000243-44.

9. Attached hereto as Exhibit 8 is a collection of excerpted documents produced in discovery by Plaintiff ISL, consisting of: a true and correct excerpted copy of an email chain (with attachment) Bates-stamped ISL-e0004919-5092; and a true and correct copy of an email chain Bates-stamped ISL-E0015284.

10. Attached hereto as Exhibit 9 is and a true and correct copy of a Rhinebridge pre-sale rating report Bates-stamped KC0000348-60.

11. Attached hereto as Exhibit 10 is a true and correct copy of excerpted deposition testimony given by S&P Rhinebridge rating committee member Lapo Guadagnuolo and true and correct excerpted copy of internal S&P Rhinebridge committee materials Bates-stamped S&P-IKB 0021271-72 and S&P-IKB 0011842-74.

/s/ Dean Ringel
Dean Ringel

Executed this 7th day of September, 2012, in New York, New York.

EXHIBIT 1

1 Highly Confidential
2 UNITED STATES DISTRICT COURT
3 SOUTHERN DISTRICT OF NEW YORK

4 -----X
5 KING COUNTY, WASHINGTON;
6 STUDENT LOAN LIQUIDITY
7 CORPORATION, together and on
8 Behalf of All Others Similarly
9 Situated,

10 Plaintiffs,

11 -vs- 09-CV-8387 (SAS)

12 IKB DEUTSCHE INDUSTRIEBANK
13 AG; IKB CREDIT ASSET MANAGEMENT,
14 GmbH; MOODY'S INVESTORS SERVICE,
15 INC.; MOODY'S INVESTORS SERVICE
16 LIMITED; THE MCGRAW-HILL
17 COMPANIES, INC. (d/b/a STANDARD &
18 POOR'S RATING SERVICES); FITCH,
19 INC.; MORGAN STANLEY & CO.
20 INCORPORATED, MORGAN STANLEY
21 & CO. INTERNATIONAL LIMITED;
22 WINFRIED REINKE AND ORTSEIFEN,
23 Defendants.

24 -----X

25 * * HIGHLY CONFIDENTIAL * *

26 VIDEOTAPED 30(b)(6) DEPOSITION OF IOWA STUDENT
27 LOAN LIQUIDITY CORPORATION by RONALD FORESMAN
28 New York, New York
29 November 29, 2011

30 Reported by:
31 Bonnie Pruszynski, RMR
32 JOB NO. 42720

<p style="text-align: right;">Page 38</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 investment process required speaking with the</p> <p>3 brokers and investments offered, so that was the</p> <p>4 communication.</p> <p>5 Q But you don't know which one of the</p> <p>6 three, if any, ISL discussed Rhinebridge with; is</p> <p>7 that right?</p> <p>8 MS. MATERA: Objection. Asked and</p> <p>9 answered. Vague and ambiguous.</p> <p>10 A Well, we purchased from Linsco</p> <p>11 Private Ledger and Citigroup.</p> <p>12 Q Did ISL discuss Rhinebridge prior to</p> <p>13 investing with Linsco?</p> <p>14 MS. MATERA: Objection. Vague and</p> <p>15 ambiguous. Asked and answered.</p> <p>16 A Yes, we purchased from them, so yes,</p> <p>17 we discussed that.</p> <p>18 Q What did ISL discuss with Linsco</p> <p>19 about Rhinebridge prior to investing?</p> <p>20 MS. MATERA: Objection. Vague and</p> <p>21 ambiguous.</p> <p>22 A Linsco provided Rhinebridge as an</p> <p>23 investment and provided ratings, term, yield.</p> <p>24 Q Were there any oral conversations</p> <p>25 with Linsco concerning Rhinebridge prior to ISL's</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 39</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 investment?</p> <p>3 MS. MATERA: Objection. Vague and</p> <p>4 ambiguous.</p> <p>5 A The oral conversation would be</p> <p>6 relaying the rating, the term and the yield.</p> <p>7 Q Anything else?</p> <p>8 MS. MATERA: Objection. Vague and</p> <p>9 ambiguous.</p> <p>10 A No.</p> <p>11 Q Did ISL have conversations with Citi</p> <p>12 in deciding whether to invest in Rhinebridge?</p> <p>13 MS. MATERA: Objection. Vague and</p> <p>14 ambiguous. May call for a legal conclusion.</p> <p>15 A Citigroup offered or provided</p> <p>16 Rhinebridge as an investment, and so yes, we</p> <p>17 discussed the ratings, yield and term.</p> <p>18 Q What did ISL discuss with Citi</p> <p>19 specifically concerning Rhinebridge prior to</p> <p>20 investing?</p> <p>21 MS. MATERA: Objection. Vague and</p> <p>22 ambiguous.</p> <p>23 A The -- just the rating, the term and</p> <p>24 the yield.</p> <p>25 Q What did ISL discuss with Citi about</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 40</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 the rating, if anything?</p> <p>3 A Just what the rating was.</p> <p>4 Q What did ISL discuss with Citi about</p> <p>5 the yield?</p> <p>6 A Citi communicated what that</p> <p>7 particular offering was yielding.</p> <p>8 Q Anything else about the yield?</p> <p>9 A No.</p> <p>10 Q And what about the term? What did</p> <p>11 ISL discuss with Citi about the term of the</p> <p>12 Rhinebridge investment?</p> <p>13 A It would just be what the term was on</p> <p>14 that -- on that offering.</p> <p>15 Q Who at ISL had those discussions with</p> <p>16 Citi?</p> <p>17 A Steve Nichols.</p> <p>18 Q Who at ISL had the discussions with</p> <p>19 Linsco?</p> <p>20 A Steve Nichols.</p> <p>21 Q Did anyone other than Mr. Nichols</p> <p>22 participate in the discussions with Linsco?</p> <p>23 MS. MATERA: Objection. Vague and</p> <p>24 ambiguous.</p> <p>25 A No.</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 41</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 Q What about the discussions with Citi?</p> <p>3 MS. MATERA: Same objection.</p> <p>4 Q Anyone other than Mr. Nichols?</p> <p>5 MS. MATERA: Sorry. Same objection.</p> <p>6 A No. Just Steve Nichols.</p> <p>7 Q Did ISL have discussions with Wells</p> <p>8 Fargo in deciding whether to invest in</p> <p>9 Rhinebridge?</p> <p>10 MS. MATERA: Objection. Vague and</p> <p>11 ambiguous.</p> <p>12 A It's unclear if Wells Fargo ever</p> <p>13 offered Rhinebridge as an option. So I am not</p> <p>14 sure.</p> <p>15 Q In preparing for your deposition, did</p> <p>16 you make an effort to determine the statements</p> <p>17 that ISL considered in deciding whether to invest?</p> <p>18 MS. MATERA: Objection. The</p> <p>19 testimony is subject to our objections.</p> <p>20 That's the end of my objection.</p> <p>21 A Can you repeat that, please?</p> <p>22 Q Yes.</p> <p>23 In preparing for your deposition, did</p> <p>24 you make an effort to determine the statements</p> <p>25 that ISL considering in deciding whether to invest</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>

<p style="text-align: right;">Page 42</p> <p>1 Highly Confidential - R. Foresman 2 in Rhinebridge? 3 MS. MATERA: Subject to our 4 objections. 5 A Yes. 6 Q And were you able to determine 7 whether any statements by Wells Fargo were 8 considered in the investment decisions? 9 MS. MATERA: Objection. Vague and 10 ambiguous. 11 A Specifically about Rhinebridge? 12 Q Um-hum. 13 MS. MATERA: Same objection. 14 A We didn't purchase Rhinebridge from 15 Wells Fargo, so it's unclear whether they ever 16 offered that and whether there were any 17 discussions. 18 Q Who made the decision on behalf of 19 ISL to invest in Rhinebridge? 20 MS. MATERA: Objection. Vague and 21 ambiguous. 22 You may answer. 23 A Steve Nichols. 24 Q Anyone other than Mr. Nichols? 25 MS. MATERA: Same objection. TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 43</p> <p>1 Highly Confidential - R. Foresman 2 A No. 3 Q Did Mr. Nichols have any 4 conversations, other than the conversations or 5 discussions with brokers that you have already 6 described, in deciding whether to invest in 7 Rhinebridge? 8 MS. MATERA: Objection. The 9 testimony is subject to our objections. May 10 call for speculation. 11 You may answer. 12 A In discussing it with Mr. Nichols, he 13 had indicated there were no other conversations. 14 Q Now, you have identified one specific 15 investment by date, which was the July 12 16 investment. Did ISL make other investments in 17 Rhinebridge? 18 A Yes. 19 Q How many other investments? 20 A We had a total of four. 21 Q Do you recall the dates of those 22 other investments? 23 A The -- we had an investment on 24 July 25th, and I believe July 26th, and the first 25 part of September; I can't remember the specific TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 44</p> <p>1 Highly Confidential - R. Foresman 2 day. 3 Q First part of September? 4 A I'm sorry, August. Let me change 5 that. 6 Q Prior to investing in Rhinebridge, 7 did anyone at ISL review the information 8 memorandum for Rhinebridge? 9 MS. MATERA: Objection. Vague and 10 ambiguous. Calls for speculation. 11 A Our process was to, you know, follow 12 the indentures and the ratings guidelines, and we 13 used the ratings, and we did not review the 14 offering memorandum prior to. 15 Q Did ISL have any understanding of the 16 collateral backing the Rhinebridge SIV at the time 17 it invested? 18 MS. MATERA: Objection. Vague and 19 ambiguous. 20 A At the time of investing, we did not 21 know the specific collateral within Rhinebridge. 22 Q Did ISL know the general collateral 23 in Rhinebridge? 24 MS. MATERA: Objection. Vague and 25 ambiguous. TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 45</p> <p>1 Highly Confidential - R. Foresman 2 A No, we did not. 3 Q Did ISL know that there was 4 collateral in Rhinebridge? 5 MS. MATERA: Objection. Vague and 6 ambiguous. 7 A Well, it was an asset-backed 8 commercial paper investment, so yes. 9 Q Did ISL know that it was an 10 asset-backed commercial paper program at the time 11 it invested? 12 MS. MATERA: Objection. Vague and 13 ambiguous. 14 A Yes. 15 Q What is the basis for that testimony? 16 A In reviewing, you know, the trade 17 tickets, it indicates asset-backed, and discussing 18 it with Steve Nichols. 19 Q What did Mr. Nichols tell you about 20 ISL's knowledge as to whether Rhinebridge was 21 asset-backed? 22 MS. MATERA: Objection. Vague and 23 ambiguous. 24 A He indicated that it was commercial 25 paper, asset-backed commercial paper. TSG Reporting - Worldwide 877-702-9580</p>

<p style="text-align: right;">Page 46</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 Q Did he indicate whether he knew that</p> <p>3 at the time he invested?</p> <p>4 A Yes. He knew that at the time.</p> <p>5 Q Did Mr. Nichols know that it was a</p> <p>6 structured investment vehicle at the time he</p> <p>7 invested?</p> <p>8 MS. MATERA: Objection. Vague and</p> <p>9 ambiguous.</p> <p>10 A No, he did not.</p> <p>11 Q Did Mr. Nichols know what a</p> <p>12 structured investment vehicle was at the time he</p> <p>13 invested in Rhinebridge?</p> <p>14 MS. MATERA: Objection. Vague and</p> <p>15 ambiguous. Calls for speculation. Beyond</p> <p>16 the scope of the deposition notice.</p> <p>17 A I don't believe he knew what the SIV</p> <p>18 product was.</p> <p>19 Q Did -- did ISL have any understanding</p> <p>20 of the assets backing the Rhinebridge SIV at the</p> <p>21 time it invested?</p> <p>22 MS. MATERA: Objection. Vague and</p> <p>23 ambiguous.</p> <p>24 A At the time of the investment, we</p> <p>25 relied on the ratings assigned, and did not know</p> <p>TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 47</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 the collateral.</p> <p>3 Q Did ISL ask any questions about the</p> <p>4 collateral prior to investing?</p> <p>5 MS. MATERA: Objection. Vague and</p> <p>6 ambiguous.</p> <p>7 A We, once again, relied on the ratings</p> <p>8 assigned, and did not ask that.</p> <p>9 Q Did ISL ask any questions about</p> <p>10 Rhinebridge prior to investing?</p> <p>11 MS. MATERA: Objection. Vague and</p> <p>12 ambiguous. Misstates prior testimony.</p> <p>13 A Iowa Student Loan asked what the</p> <p>14 rating was, the term and the yield.</p> <p>15 Q Anything else?</p> <p>16 MS. MATERA: Objection. Vague and</p> <p>17 ambiguous.</p> <p>18 A No.</p> <p>19 Q Did ISL have any understanding of the</p> <p>20 other parties involved with the Rhinebridge SIV at</p> <p>21 the time it invested?</p> <p>22 MS. MATERA: Objection. Vague and</p> <p>23 ambiguous.</p> <p>24 A No, we did not.</p> <p>25 Q Did ISL understand that Rhinebridge</p> <p>TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 48</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 was a -- had an investment manager?</p> <p>3 MS. MATERA: Objection. Vague and</p> <p>4 ambiguous.</p> <p>5 A We wouldn't have known the specific</p> <p>6 party that managed that at that time.</p> <p>7 Q Well, but you are anticipating my</p> <p>8 next question. Did ISL understand that</p> <p>9 Rhinebridge had an investment manager?</p> <p>10 MS. MATERA: Objection. Vague and</p> <p>11 ambiguous.</p> <p>12 A I don't know -- you know, that wasn't</p> <p>13 part of our inputs for an investment decision. I</p> <p>14 don't believe we would have known that.</p> <p>15 Q Okay. And ISL didn't know who,</p> <p>16 specifically, the investment manager was for</p> <p>17 Rhinebridge; isn't that right?</p> <p>18 MS. MATERA: Objection. Vague and</p> <p>19 ambiguous. Asked and answered.</p> <p>20 A That's correct.</p> <p>21 Q Did ISL have any understanding of</p> <p>22 the -- strike that.</p> <p>23 Did ISL take any steps to analyze the</p> <p>24 methodology by which Rhinebridge had been rated?</p> <p>25 MS. MATERA: Objection. Vague and</p> <p>TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 49</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 ambiguous. May call for speculation.</p> <p>3 A The steps we took were to follow the</p> <p>4 investment guidelines in the indenture, and then</p> <p>5 make sure that the guidelines were adhered to in</p> <p>6 purchasing the investment.</p> <p>7 Q That didn't answer my question, so</p> <p>8 let me ask it again.</p> <p>9 Did ISL have any understanding -- I'm</p> <p>10 sorry, I have to strike that again.</p> <p>11 Did ISL take any steps to analyze the</p> <p>12 methodology by which Rhinebridge had been rated?</p> <p>13 MS. MATERA: Objection. Vague and</p> <p>14 ambiguous. May call for speculation. Asked</p> <p>15 and answered.</p> <p>16 A We used the ratings, but didn't -- I</p> <p>17 mean, the ratings assigned at the time, from the</p> <p>18 rating agencies, that's all we used in evaluating</p> <p>19 the decision to invest.</p> <p>20 Q Did ISL have any understanding of the</p> <p>21 methodology by which the notes had been rated?</p> <p>22 MS. MATERA: Objection. Vague and</p> <p>23 ambiguous. May call for speculation. Asked</p> <p>24 and answered.</p> <p>25 A Not specific to Rhinebridge and the</p> <p>TSG Reporting - Worldwide 877-702-9580</p>

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1 Highly Confidential - R. Foresman
2 process that the rating agencies went through for
3 that specific investment.

4 **Q What about SIVs generally?**

5 MS. MATERA: Same objection.

6 **Q Did ISL have any understanding of the**
7 **rating agency methodologies for ratings SIVs at**
8 **the time it invested in Rhinebridge?**

9 MS. MATERA: Objection. Vague and
10 ambiguous.

11 A We wouldn't have known the specific
12 process, all of the inputs that the rating agency
13 used. We understood that the ratings assigned
14 were what they were, and that the information used
15 to come up with that ratings was vetted through
16 the rating agencies and the process that they had.

17 **Q Was ISL aware, at the time it**
18 **invested in Rhinebridge, that there were**
19 **publications available from the rating agencies**
20 **describing their methodology?**

21 MS. MATERA: Objection.

22 **Q For rating SIVs.**

23 MS. MATERA: Objection. Vague and
24 ambiguous.

25 A Specific to Rhinebridge or just to
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1 Highly Confidential - R. Foresman
2 Misstates prior testimony.

3 A Once again, our process was to use
4 the ratings and -- and the specific ratings
5 criteria in our investment policy.

6 **Q And ISL did not know it was investing**
7 **in SIVs at the time it did so; isn't that right?**

8 MS. MATERA: Objection. Asked and
9 answered.

10 A We did not -- we wouldn't have known
11 that we were investing in an SIV. We were
12 investing in commercial paper at a certain rating.

13 **Q How many different SIVs did ISL**
14 **invest in?**

15 MS. MATERA: Objection. Vague and
16 ambiguous. Beyond the scope of the
17 deposition notice.

18 A We -- we wouldn't know because we --
19 we weren't investing specifically in SIVs, and
20 didn't track that. We were investing in
21 investments with a certain rating.

22 **Q Eventually you tracked it; right?**

23 MS. MATERA: Objection. Vague and
24 ambiguous. Beyond the scope of the
25 deposition notice.

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1 Highly Confidential - R. Foresman
2 SIVs?

3 **Q Well, again, you are anticipating my**
4 **question. This one is general to SIVs.**

5 **Was ISL aware at the time it invested**
6 **in Rhinebridge that there were publications**
7 **available from the rating agencies describing**
8 **their methodologies for rating SIVs?**

9 MS. MATERA: Objection. Vague and
10 ambiguous.

11 A You know, in terms of SIV specific,
12 we wouldn't have known that, you know, there were
13 ratings methodologies published. We weren't
14 investing in SIVs. We were investing in
15 investments with a certain rating.

16 **Q Well, you were investing in SIVs,**
17 **weren't you?**

18 A We did not make a choice to invest in
19 SIVs. We invested in investments with a certain
20 rating.

21 **Q In fact, you invested in SIVs without**
22 **knowing that you were investing in SIVs; isn't**
23 **that right?**

24 MS. MATERA: Objection.

25 Argumentative. Vague and ambiguous.
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1 Highly Confidential - R. Foresman

2 A At the time of the investment, we
3 wouldn't have known that, but at a point post
4 investment, we tried to do as much research as we
5 could to understand the investments we had at that
6 time.

7 **Q What steps did you take to understand**
8 **your investments at that point, that you are**
9 **describing?**

10 A This was all --

11 MS. MATERA: Objection. Vague and
12 ambiguous. Beyond the scope of the
13 deposition notice.

14 A The research that we employed was
15 post investment. We looked for any PPMs or any
16 other offering memorandum that we could find that
17 would describe the transactions, and, you know,
18 any source that we could to find, you know,
19 anything about the investments at that time.

20 **Q With respect to Rhinebridge, what**
21 **sources did ISL turn up as part of that research?**

22 MS. MATERA: Objection. Vague and
23 ambiguous.

24 A We -- we were given the PPM. We --
25 you know, anything that was published, you know,

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<p style="text-align: right;">Page 54</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 through like Bloomberg, Wall Street Journal, that</p> <p>3 we could find. You know, any information directly</p> <p>4 from Rhinebridge itself.</p> <p>5 Q But ISL didn't make any effort to</p> <p>6 gather those materials before investing; isn't</p> <p>7 that right?</p> <p>8 MS. MATERA: Objection. Misstates</p> <p>9 prior testimony. Vague and ambiguous.</p> <p>10 A We relied on the ratings and</p> <p>11 didn't -- just completely the ratings at that</p> <p>12 point.</p> <p>13 Q And didn't make any effort to gather</p> <p>14 those other materials that you described; right?</p> <p>15 MS. MATERA: Objection. Misstates</p> <p>16 prior testimony. Vague and ambiguous.</p> <p>17 Asked and answered.</p> <p>18 A Well, the effort is with the</p> <p>19 indenture guidelines and what went through that,</p> <p>20 that provided the investment guidelines that we</p> <p>21 used. That was the effort.</p> <p>22 Q Was ISL aware at the time it invested</p> <p>23 in Rhinebridge that an information memorandum was</p> <p>24 available?</p> <p>25 MS. MATERA: Objection. Vague and</p> <p>TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 55</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 ambiguous.</p> <p>3 A Once again, that wasn't part of our</p> <p>4 criteria. We looked at the ratings, so...</p> <p>5 Q I understand. That's not my</p> <p>6 question, though.</p> <p>7 My question is whether ISL knew at</p> <p>8 the time it invested that an information</p> <p>9 memorandum was available.</p> <p>10 MS. MATERA: Objection. Vague and</p> <p>11 ambiguous. Asked and answered.</p> <p>12 A We didn't specifically ask if the PPM</p> <p>13 existed, but I think we knew that there was</p> <p>14 some -- there was information available.</p> <p>15 Q Including an information memorandum?</p> <p>16 MS. MATERA: Objection. Vague and</p> <p>17 ambiguous.</p> <p>18 A Yeah, I think you could assume there</p> <p>19 was one, but we didn't specifically ask if it</p> <p>20 existed.</p> <p>21 Q How many debt offerings have you</p> <p>22 participated in, would you say, during your time</p> <p>23 at ISL?</p> <p>24 MS. MATERA: Objection. Vague and</p> <p>25 ambiguous.</p> <p>TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 56</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 A Debt offerings? That Iowa Student</p> <p>3 Loan issued? It's over 4.5 billion, but the</p> <p>4 amount, it's more than ten. I don't know the</p> <p>5 specific amount.</p> <p>6 Q Did any of them not have information</p> <p>7 memorandums of some form?</p> <p>8 MS. MATERA: Objection. Vague and</p> <p>9 ambiguous. Beyond the scope of the</p> <p>10 deposition notice.</p> <p>11 A They all had information available to</p> <p>12 investors.</p> <p>13 Q Right. Including some form of</p> <p>14 official information memorandum; right?</p> <p>15 MS. MATERA: Objection. Vague and</p> <p>16 ambiguous. Beyond the scope of the</p> <p>17 deposition notice.</p> <p>18 A Yes.</p> <p>19 Q And ISL knew at the time it invested</p> <p>20 in Rhinebridge that Rhinebridge would likewise</p> <p>21 also have an information memorandum available;</p> <p>22 isn't that right?</p> <p>23 MS. MATERA: Objection. Vague and</p> <p>24 ambiguous. Asked and answered.</p> <p>25 A We -- we didn't have firsthand</p> <p>TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 57</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 knowledge that one existed, but we knew generally</p> <p>3 that investments had that information.</p> <p>4 Q But you didn't ask for the</p> <p>5 information memorandum for Rhinebridge</p> <p>6 specifically; isn't that right?</p> <p>7 MS. MATERA: Objection. Asked and</p> <p>8 answered.</p> <p>9 A Part of our process was just to rely</p> <p>10 on the ratings, so we did not ask for that</p> <p>11 specifically at that time of investment.</p> <p>12 Q Did ISL make any effort to gather</p> <p>13 news articles concerning Rhinebridge prior to</p> <p>14 investing?</p> <p>15 MS. MATERA: Objection. Vague and</p> <p>16 ambiguous.</p> <p>17 A Specific to Rhinebridge?</p> <p>18 Q Yes.</p> <p>19 MS. MATERA: Same objection.</p> <p>20 A We did not go through the effort</p> <p>21 because our process was to rely on the ratings.</p> <p>22 MS. MATERA: At any point -- we have</p> <p>23 been going for over an hour. It would be</p> <p>24 good to take a break when you are ready.</p> <p>25 MR. PEREZ-MARQUES: Okay. That's</p> <p>TSG Reporting - Worldwide 877-702-9580</p>

<p style="text-align: right;">Page 58</p> <p>1 Highly Confidential - R. Foresman 2 fine. We can take a break now if you would 3 like. 4 MS. MATERA: Is that okay? 5 THE WITNESS: Yes. 6 THE VIDEOGRAPHER: The time is 7 10:33 a.m. 8 We are off the record. 9 (Recess taken.) 10 THE VIDEOGRAPHER: The time is 11 10:51 a.m. 12 We are on the record. 13 BY MR. PEREZ-MARQUES: 14 Q Mr. Foresman, prior to investing in 15 Rhinebridge, was ISL aware that the rating 16 agencies published reports on the Rhinebridge SIV? 17 MS. MATERA: Objection. Vague and 18 ambiguous. 19 A Not specifically to Rhinebridge, but 20 we knew that there were -- there was information 21 published by the rating agencies. 22 Q Did ISL make any effort to obtain 23 that information published by the rating agencies? 24 MS. MATERA: Objection. Vague and 25 ambiguous. TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 59</p> <p>1 Highly Confidential - R. Foresman 2 A Our process was to rely on the 3 ratings assigned at the time of investment, so we 4 did not make an effort to review those. It was -- 5 you know, our process was mostly dependent on the 6 ratings. 7 Q Well, beyond the ratings, the only 8 things it depended on were the yield and the term; 9 isn't that right? 10 MS. MATERA: Objection. Vague and 11 ambiguous. Misstates prior testimony. 12 A Yes, that is correct. 13 Q I asked you earlier whether ISL made 14 any effort to gather news specific to the 15 Rhinebridge SIV prior to investing in it. Did ISL 16 make any effort to gather other news not general 17 to Rhinebridge in deciding whether to invest? 18 MS. MATERA: Objection. Vague and 19 ambiguous. 20 A Like I said, our process was to 21 mostly rely on the ratings provided for that 22 particular investment, and I can't speculate on 23 whether we -- you know, as a general 24 understanding, all parties within Iowa Student 25 Loan had knowledge of different pieces, but we TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 60</p> <p>1 Highly Confidential - R. Foresman 2 relied on the ratings for that. 3 Q Okay. Let me repeat my question. 4 Did ISL make any effort to gather news prior to 5 investing in Rhinebridge? 6 MS. MATERA: Objection. Vague and 7 ambiguous. May go beyond the scope of the 8 deposition notice. 9 A Personally, I don't recall us ever, 10 you know, researching that prior to. 11 Q Did ISL -- what steps, if any, did 12 ISL take to monitor the market for investments in 13 2007? 14 MS. MATERA: Objection. Vague and 15 ambiguous. Goes beyond the scope of the 16 deposition notice. 17 A It -- it's just un- -- I would be 18 speculating on what processes were reviewed. 19 Q Well, you supervised Mr. Nichols with 20 respect to his investment functions; right? 21 MS. MATERA: Objection. Vague and 22 ambiguous. 23 A That is correct. 24 Q And as his supervisor, did you know 25 what steps, if any, he took to monitor the TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 61</p> <p>1 Highly Confidential - R. Foresman 2 markets? 3 MS. MATERA: Objection. Vague and 4 ambiguous. Goes beyond the scope of the 5 deposition notice. 6 A I mean, personally I was generally 7 aware of various conditions in the market. 8 Q Okay. But my question was about 9 Mr. Nichols. As his supervisor, were you aware of 10 what steps, if any, he took to monitor the market? 11 MS. MATERA: Objection. Vague and 12 ambiguous. Goes beyond the scope of the 13 deposition notice. 14 A I wouldn't know what steps he went 15 through. 16 Q You didn't ask him that question? 17 MS. MATERA: Objection. Vague and 18 ambiguous. Goes beyond the scope of the 19 deposition notice. 20 A Once again, I -- I wouldn't know what 21 he went through. 22 Q Okay. Did he read any newspapers to 23 stay abreast of market developments? 24 MS. MATERA: Objection. Vague and 25 ambiguous. Goes beyond the scope of the TSG Reporting - Worldwide 877-702-9580</p>

<p style="text-align: right;">Page 134</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 for the investment decision.</p> <p>3 Q And when you say used them mostly,</p> <p>4 you mean you used them and yield and term; right?</p> <p>5 A Correct.</p> <p>6 MS. MATERA: Objection. Move to</p> <p>7 interpose an objection, misstates prior</p> <p>8 testimony.</p> <p>9 MR. PEREZ-MARQUES: Sorry, did you</p> <p>10 get the answer?</p> <p>11 Q Could you repeat your answer?</p> <p>12 Because I don't think the reporter got it.</p> <p>13 A Yes, that is correct.</p> <p>14 Q Did the guidelines prohibit</p> <p>15 consideration of other factors outside the</p> <p>16 criteria?</p> <p>17 MS. MATERA: Objection. Vague and</p> <p>18 ambiguous.</p> <p>19 A The -- the indenture guidelines did</p> <p>20 not prohibit other information.</p> <p>21 Q The indenture guidelines didn't</p> <p>22 prohibit reading information memoranda, did it?</p> <p>23 MS. MATERA: Objection. Vague and</p> <p>24 ambiguous.</p> <p>25 A It did not.</p> <p>TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 135</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 Q The offering documents for ISL's debt</p> <p>3 offerings, do those include risk factors?</p> <p>4 A Yes. Yes, it does.</p> <p>5 Q What are risk factors?</p> <p>6 A The -- it's going to depend on a</p> <p>7 particular offering, but those are the factors</p> <p>8 that the -- the offering will not meet the</p> <p>9 expectations as structured.</p> <p>10 Q Did ISL understand, at the time it</p> <p>11 invested in Rhinebridge, that the Rhinebridge SIV</p> <p>12 would likewise have a set of risk factors that it</p> <p>13 published for its investment?</p> <p>14 MS. MATERA: Objection. Vague and</p> <p>15 ambiguous.</p> <p>16 A While it wasn't specifically</p> <p>17 discussed or factored into the decision, you know,</p> <p>18 our understanding of the process, I would believe</p> <p>19 that we understood there were risk factors in an</p> <p>20 investment.</p> <p>21 Q But ISL made no effort to review</p> <p>22 those risk factors prior to investing; isn't that</p> <p>23 right?</p> <p>24 MS. MATERA: Objection. Misstates</p> <p>25 prior testimony. Vague and ambiguous.</p> <p>TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 136</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 A We used the ratings and our</p> <p>3 understanding of that ratings process, that that</p> <p>4 information and those factors and other things</p> <p>5 would have been vetted through before the ratings</p> <p>6 were assigned.</p> <p>7 Q That doesn't answer my question.</p> <p>8 Did ISL make any effort to review the</p> <p>9 risk factors available on the Rhinebridge SIV</p> <p>10 prior to investing?</p> <p>11 MS. MATERA: Objection. Asked and</p> <p>12 answered. Misstates prior testimony. Vague</p> <p>13 and ambiguous.</p> <p>14 A We -- because of what I mentioned</p> <p>15 about our process and mostly using the ratings and</p> <p>16 understanding that process, we would not have done</p> <p>17 that.</p> <p>18 Q When you say "we would not have,"</p> <p>19 you -- in fact, ISL did not do so; isn't that</p> <p>20 right?</p> <p>21 MS. MATERA: Objection. Misstates</p> <p>22 prior testimony. Vague and ambiguous.</p> <p>23 A That is correct. Because that was</p> <p>24 our process.</p> <p>25 Q ISL's process didn't involve</p> <p>TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 137</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 reviewing the risk factors on its investments; is</p> <p>3 that what you are saying?</p> <p>4 MS. MATERA: Objection. Asked and</p> <p>5 answered. Vague and ambiguous. Misstates</p> <p>6 prior testimony.</p> <p>7 A That is correct. Our understanding,</p> <p>8 that the ratings process would -- would review</p> <p>9 those factors and incorporate that into the</p> <p>10 ratings assigned.</p> <p>11 Q But that is not in the guidelines</p> <p>12 either, is it, the understanding that the risk</p> <p>13 factors will be incorporated into the ratings?</p> <p>14 MS. MATERA: Objection. Vague and</p> <p>15 ambiguous. Misstates prior testimony.</p> <p>16 A No, that is not in the factors or in</p> <p>17 the guideline, investment guidelines.</p> <p>18 Q And the guidelines don't say anything</p> <p>19 about any understanding of how ratings are</p> <p>20 assigned, do they?</p> <p>21 MS. MATERA: Objection. Vague and</p> <p>22 ambiguous.</p> <p>23 A No, it does not identify that.</p> <p>24 Q In preparing for your testimony here</p> <p>25 today, did you discuss with Mr. Nichols his</p> <p>TSG Reporting - Worldwide 877-702-9580</p>

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1 **Highly Confidential - R. Foresman**
2 **understanding at the time of the Rhinebridge SIV**
3 **investment of how ratings are assigned?**

4 A You know, we had conversation about
5 the process and ratings and just going over that.
6 There wasn't any detailed discussion about the
7 elements of what goes into a ratings analysis, no.

8 Q **Did he identify any factors that at**
9 **the time of the Rhinebridge SIV investment, he**
10 **understood or assumed that would have been**
11 **considered in assigning a rating to the**
12 **Rhinebridge SIV?**

13 MS. MATERA: Objection. Vague and
14 ambiguous. Compound. Calls for a legal
15 conclusion.

16 A Can you repeat that, please?

17 Q **Did he identify any factors that at**
18 **the time of the Rhinebridge SIV investment he**
19 **understood or assumed would have been considered**
20 **in assigning a rating to the Rhinebridge SIV?**

21 MS. MATERA: Same objections.

22 A No, he did not identify any of the
23 factors. He, once again, would have relied on the
24 ratings assigned.

25 Q **Let's take a look at Defendants'**

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1 **Highly Confidential - R. Foresman**
2 **Exhibit 85, still in front of you. Let me refer**
3 **you to the fourth page of this document, on Bates**
4 **ending 647.**

5 I'll note, to be clear, the date of
6 this e-mail is March 26, 2007; isn't that right?

7 A Yes, that is what it says.

8 Q **So about four months prior to ISL's**
9 **investment in Rhinebridge on which it's suing**
10 **here?**

11 MS. MATERA: Objection. Vague and
12 ambiguous.

13 Q **Isn't that right?**

14 MS. MATERA: Same objection.

15 A Yes, those are the timeframes.

16 Q **So looking at page 647, you see at**
17 **the top of the page, there is a paragraph that**
18 **begins "even though"?**

19 Do you see that paragraph?

20 A Yes, I do.

21 Q **The first paragraph.**

22 A Yes.

23 Q **And the last sentence of that**
24 **paragraph reads, "However, in light of the**
25 **mounting delinquencies in the subprime market, the**
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1 **Highly Confidential - R. Foresman**
2 **regulators in the industry are looking for ways to**
3 **change these limitations."**

4 Do you see that?

5 A Yes, I do.

6 Q **Was ISL aware of mounting**
7 **delinquencies in the subprime market at the time**
8 **it invested in the Rhinebridge SIV?**

9 MS. MATERA: Objection. Lacks
10 foundation. Vague and ambiguous. Assumes
11 facts not in evidence. Beyond the scope of
12 the deposition notice.

13 A I wouldn't know individuals within
14 Iowa Student Loan that had specific information
15 or -- or the level of information.

16 Personally, yes, I think we generally
17 knew that there were such issues.

18 Q **Including mounting delinquencies in**
19 **the subprime market?**

20 MS. MATERA: Objection. Vague and
21 ambiguous. Beyond the scope of the
22 deposition notice.

23 A I don't know at the time if I knew it
24 was, personally, categorized as mounting
25 delinquencies, but I knew there were issues.

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1 **Highly Confidential - R. Foresman**
2 Q **What issues did you know there were**
3 **in the subprime market, prior to investing in**
4 **Rhinebridge?**

5 MS. MATERA: Objection. Vague and
6 ambiguous.

7 A Well, generally the housing market
8 values were declining, that there were certain
9 homeowners that were having problems repaying.

10 Q **Anything else?**

11 A Not that comes to mind.

12 Q **Were you aware, prior to investing in**
13 **Rhinebridge, that the number or levels of**
14 **homeowners that were having problems paying, as**
15 **you put it, was increasing?**

16 MS. MATERA: Objection. Vague and
17 ambiguous. Beyond the scope of the
18 deposition notice.

19 A You know, in these timeframes, I
20 don't know specifically what I would have known,
21 at what level, but --

22 Q **Did Mr. -- was Mr. Nichols aware of**
23 **mounting delinquencies in the subprime market**
24 **prior to investing in the Rhinebridge SIV?**

25 MS. MATERA: Objection. Calls for
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1 Highly Confidential - R. Foresman
2 lending, I wouldn't know what he knew. But it
3 wasn't factored into any investment decisions.

4 **Q And how do you know it wasn't
5 factored into any investment decisions?**

6 A Based on the discussions we had on
7 how the investment was placed and what information
8 was used, and my direct knowledge of how it was
9 supposed to work.

10 **Q How did Mr. Nichols communicate to
11 you that he did not consider origination trends in
12 subprime lending in making investment decisions on
13 July 25th, 2007?**

14 MS. MATERA: Objection. Misstates
15 prior testimony. Vague and ambiguous.

16 A Well, he wouldn't have told me that
17 he specifically ignored or knew about origination
18 trends in subprime lending. We discussed what
19 information that he used, and he didn't use this
20 information.

21 **Q Did you ask him whether he used this
22 information?**

23 MS. MATERA: Objection. Beyond the
24 scope of the deposition notice, to the
25 extent you are talking about investments

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1 Highly Confidential - R. Foresman
2 probably shouldn't have been made, that didn't
3 really fit -- or they fit the underwriting
4 criteria, but maybe they were not the best type of
5 loans to originate.

6 **Q Was ISL aware of those underwriting
7 problems prior to investing in Rhinebridge?**

8 MS. MATERA: Objection. Vague and
9 ambiguous. Calls for speculation. Beyond
10 the scope of the deposition notice.
11 Improper hypothetical.

12 A I think personally, yes, I was aware
13 of the environment, and different -- different
14 factors in the environment, and mortgages, and the
15 problems that mortgages were facing, yes. I was
16 personally aware of that.

17 But it wasn't anything that was
18 addressed in our investment criteria and used to
19 determine investment selections.

20 **Q Was Mr. Nichols aware of those
21 underwriting problems at the time he invested in
22 Rhinebridge?**

23 MS. MATERA: Objection. Beyond the
24 scope of the deposition notice. Calls for
25 speculation. Improper hypothetical. Vague

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1 Highly Confidential - R. Foresman
2 outside of Rhinebridge. Vague and
3 ambiguous.

4 A Yes, we specifically talked about
5 were other factors considered, and not
6 specifically origination trends in subprime
7 lending, but other factors were not considered.

8 **Q The first sentence of this article
9 under "Origination Trends in Subprime Lending"
10 states, "In order to address the underwriting
11 problems that have plagued the 2006 subprime
12 vintage, lenders are tightening their underwriting
13 guidelines."**

14 **Do you see that?**

15 A Yes, I do.

16 **Q What do you understand "underwriting
17 problems that have plagued the 2006 subprime
18 vintage" to mean?**

19 MS. MATERA: Objection. Vague and
20 ambiguous. Beyond the scope of the
21 deposition notice. Lack of foundation.
22 Calls for speculation.

23 A Well, I don't know what they are
24 specifically meaning here, but just general
25 information, that there were some loans that

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1 Highly Confidential - R. Foresman
2 and ambiguous.

3 A Personally, I don't -- I don't recall
4 specific conversations on that topic alone.

5 **Q So you don't know one way or the
6 other?**

7 MS. MATERA: Same objections.

8 A I don't know.

9 **Q The fourth paragraph on this page
10 begins, "As the industry awaits."**

11 **Do you see that?**

12 A Yes, I do.

13 **Q And it states, "As the industry
14 awaits the outcome of the proposed guidance for
15 subprime lending, some investors are gaining
16 comfort by increasing their up-front due diligence
17 percentages prior to purchasing securities."**

18 **Do you see that?**

19 A Yes, I do.

20 **Q What do you understand that to mean?**

21 MS. MATERA: Objection. Vague and
22 ambiguous. Lack of foundation. Improper
23 hypothetical. Outside the -- beyond the
24 scope of the deposition notice.

25 A Personally, when I see it, I don't

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1 Highly Confidential - R. Foresman
2 really know what a due diligence percentage is,
3 other than I'm assuming that there were some
4 investors that were doing more than relying on
5 ratings.

6 **Q Did ISL understand, at the time it
7 invested in Rhinebridge, that some investors did
8 more than rely on ratings?**

9 MS. MATERA: Objection. Vague and
10 ambiguous. Beyond the scope of the
11 deposition notice.

12 A I don't recall any firsthand
13 knowledge that other investors -- how they
14 operated and what decisions they made.

15 **Q Well, was it your understanding in
16 July 2007 that every investor considered only the
17 rating, the yield and the term when buying
18 commercial paper?**

19 MS. MATERA: Objection. Beyond the
20 scope of the deposition notice. Calls for
21 speculation. Vague and ambiguous.

22 A Yeah, personally, I wouldn't know. I
23 mean, I would assume that there were some that
24 probably did that, but I -- knowing the ratings
25 process, I would assume there were a lot that did,

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1 Highly Confidential - R. Foresman
2 and they relied on the ratings, because that's
3 what it was for, and if you understood the ratings
4 process, then those ratings should have been, you
5 know, subject to all of the information in order
6 to assign ratings.

7 So, I don't know how others operated,
8 but it wouldn't surprise me if there was a high,
9 high percentage that relied on ratings.

10 **Q Did you know in July 2007 that some
11 investors read offering documents?**

12 MS. MATERA: Objection. Beyond the
13 scope of the deposition notice. Calls for
14 speculation. Vague and ambiguous.

15 A I don't recall having any
16 conversations with other investors on what they
17 did, to be honest.

18 **Q So, you didn't know one way or the
19 other whether investors read offering documents?**

20 MS. MATERA: Objection. Beyond the
21 scope of the deposition notice. Calls for
22 speculation. Vague and ambiguous.

23 A With Iowa Student Loan offering, I --
24 I can't imagine why -- that there wasn't at least
25 one or two investors, but I don't know. I think,
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1 Highly Confidential - R. Foresman
2 yes. I mean, personally, I believe that there
3 were probably some investors that did read those.

4 **Q Did ISL take any steps to increase
5 its due diligence on its own investments in light
6 of news about problems in the mortgage market in
7 early 2007?**

8 MS. MATERA: Objection. Beyond the
9 scope of the deposition notice. Calls for
10 speculation. Vague and ambiguous.

11 A Personally, I don't recall why we
12 would do that, so -- you know, in using the
13 ratings, and understanding how those ratings were
14 assigned, and -- and we followed the guidelines
15 that were approved. No.

16 **Q I'm sorry. Was the last part of your
17 answer "no"?**

18 A Yes.

19 **Q So no, ISL did not take any steps to
20 increase its due diligence on investments in light
21 of news about problems in the mortgage market in
22 early 2007; is that right?**

23 MS. MATERA: Objection. Misstates
24 prior testimony. Beyond the scope of the
25 deposition notice. Calls for speculation.

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1 Highly Confidential - R. Foresman
2 Vague and ambiguous.

3 A Well, I will answer it this way, that
4 my personal recollection was that we didn't change
5 our process that we had used for years and years
6 and our reliance on the ratings.

7 MR. PEREZ-MARQUES: Okay. Why don't
8 we break for lunch?

9 THE VIDEOGRAPHER: The time is
10 1:18 p.m.

11 We are off the record.

12 (Recess taken.)

13 THE VIDEOGRAPHER: The time is
14 2:14 p.m.

15 We are on the record.

16 BY MR. PEREZ-MARQUES:

17 **Q Mr. Foresman, let me show you what I
18 have marked as Defendants' Exhibit 88, which is a
19 two-page e-mail, double-sided, beginning on
20 ISL-E0015104 through 105.**

21 Please take a moment to look it over
22 and let me know when you are ready.

23 (Defendants' Exhibit 88 marked for
24 identification as of this date.)
25

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<p style="text-align: right;">Page 174</p> <p>1 Highly Confidential - R. Foresman 2 Q Okay? 3 A Okay. 4 Q This is an e-mail from Financial Week 5 Daily News Blast to you; correct? 6 A Yes, that is what it says. 7 Q Dated July 11, 2007; right? 8 A Yes. 9 Q With the subject line "Financial Week 10 Daily News Blast"; correct? 11 A That is correct. 12 Q And then a little bit down the page, 13 there is a header that reads "Headlines for 14 July 11, 2007"; right? 15 A Yes. 16 Q That is about two weeks before the 17 Rhinebridge investment at issue in this 18 litigation; right? 19 A That is correct. 20 Q The third item down in that list 21 states, "Moody's drops ratings on 5.2 billion in 22 subprime-related debt. S&P to follow." 23 Do you see that? 24 A Yes, I do. 25 Q Was ISL aware, around this time in TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 175</p> <p>1 Highly Confidential - R. Foresman 2 early July, 2007, of rating agencies downgrading a 3 large number of subprime-related debt? 4 MS. MATERA: Objection. Outside the 5 scope of the deposition notice. Vague and 6 ambiguous. 7 A I do not recall at that time if we 8 were aware. 9 Q You received this e-mail, though, 10 didn't you? 11 A This e-mail was to me, yes. 12 Q You don't know whether you read it or 13 not? 14 A I do not recall. 15 Q Do you know whether anyone else at 16 ISL also received e-mails from Financial Week 17 Daily News Blast? 18 MS. MATERA: Objection. Beyond the 19 scope of the deposition notice. Calls for 20 speculation. 21 A I wouldn't remember if anybody else 22 did, because I don't remember getting this myself. 23 Q You testified earlier about the 24 process of reviewing the investment policies in 25 connection with the 12th supplemental indenture. TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 176</p> <p>1 Highly Confidential - R. Foresman 2 Do you recall that? 3 A Yes. 4 Q When did that process begin? 5 MS. MATERA: Objection. Vague and 6 ambiguous. 7 A The review of the supplemental? 8 Q The review of the investment policy 9 specifically. 10 A Well, it's -- the processes in 11 reviewing that, those items, have been going on 12 for years. 13 In terms of preparation for the 14 deposition? 15 Q No. 16 The review of the investment policies 17 in connection with the 12th supplemental indenture 18 specifically, when did that process start? 19 MS. MATERA: Objection. Vague and 20 ambiguous. 21 A I don't know when it started, but it 22 was prior to the issuance of that debt. 23 Q Was that process already underway as 24 of July 11, 2007? 25 MS. MATERA: Objection. Vague and TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 177</p> <p>1 Highly Confidential - R. Foresman 2 ambiguous. 3 A Yes, that process would have been. 4 Q Did ISL consider the broad downgrades 5 of subprime-related debt by S&P and Moody's in 6 considering what role ratings should play in their 7 revised investment guidelines? 8 MS. MATERA: Objection. Vague and 9 ambiguous. 10 A Iowa Student Loan did not -- it 11 was -- during the -- the debt process, the ratings 12 that were -- that remained in the investment 13 guidelines were still believed to be sound, and 14 input from all parties didn't lead us to believe 15 that there were other -- other types of criteria 16 that we needed to include. 17 Q Did ISL consider the July downgrades 18 of mortgage-related debt in considering whether 19 the ratings in the investment policies were sound, 20 as you described it? 21 MS. MATERA: Objection. Vague and 22 ambiguous. 23 A I don't recall that being a factor in 24 any discussions. 25 Q That's all for that document. TSG Reporting - Worldwide 877-702-9580</p>

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1 Highly Confidential - R. Foresman
2 that these investments were placed.

3 **Q Anything other than the fact that**
4 **these investments were placed?**

5 MS. MATERA: Objection. Vague and
6 ambiguous.

7 A I don't believe it represents
8 anything else.

9 **Q And the last page of this document,**
10 **355, has a row concerning the, or a set of rows**
11 **concerning the investment at issue in this**
12 **lawsuit; correct?**

13 A On 355?

14 **Q 358.**

15 MS. WOOD: The first --

16 A Oh.

17 MS. MATERA: Could you repeat the
18 question? I'm sorry.

19 **Q The page of this document on 358 has**
20 **a set of rows concerning the investment at issue**
21 **in this lawsuit, doesn't it?**

22 A It appears that it's the same, based
23 on maturity date and the amount.

24 **Q Okay. And bond issue is indicated as**
25 **2007E; correct?**

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1 **Highly Confidential - R. Foresman**

2 A That is correct.

3 **Q And what does that reflect?**

4 A That is the bond series that these
5 funds -- the funds used for this investment relate
6 to that bond series.

7 **Q And then you signed this page as**
8 **well; correct?**

9 A Yes, I did.

10 **Q On August 7, 2007; is that right?**

11 A That's what it says, yes.

12 **Q And Ms. DeBolt signed it on**
13 **August 9th, 2007; right?**

14 A Yes.

15 MS. MATERA: Objection.

16 **Q And between the date the Rhinebridge**
17 **trade was placed, on July 25th, and your review on**
18 **August 7th, did anyone else review the Rhinebridge**
19 **investment at issue in this lawsuit?**

20 MS. MATERA: Objection. Vague and
21 ambiguous.

22 A I don't believe so. There could have
23 been another accountant that actually saw the
24 trust statement activity. But there wouldn't have
25 been a review.

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1 Highly Confidential - R. Foresman

2 **Q And what steps, if any, did you take**
3 **to review these investments prior to signing this**
4 **page 358?**

5 MS. MATERA: Objection. Vague and
6 ambiguous.

7 A The -- the ratings were -- were
8 perused and reviewed. That's the only review that
9 I performed.

10 **Q You see that there are certain**
11 **checkmarks on this page; right?**

12 A That is correct.

13 **Q Whose checkmarks are those?**

14 A I don't know for sure, but it would
15 make sense that these are Steve Nichols'
16 checkmarks.

17 **Q Who put together this sheet for your**
18 **signature?**

19 A Steve Nichols.

20 **Q And you see under "Minimum Investment**
21 **Criteria," in the row concerning Rhinebridge, it**
22 **says, "A-1 plus (S&P)" and "P-1 (Moody), and then**
23 **"DSC PRM NT. "**

24 **Do you see that last part?**

25 A I do.

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1 Highly Confidential - R. Foresman

2 **Q What does "DSC PRM NT" mean?**

3 A I don't know what the intent was
4 here, but to me it reads discount promissory note.

5 **Q What does that mean?**

6 A It means it's a discounted
7 investment.

8 **Q And again, there is no reference to**
9 **the Fitch rating under the minimum investment**
10 **criteria, is there?**

11 A That is correct.

12 **Q Some of the other investments on this**
13 **sheet have a Fitch rating indicated in the minimum**
14 **investment criteria; correct?**

15 A That is correct.

16 **Q But the Rhinebridge one at issue in**
17 **this lawsuit doesn't; isn't that right?**

18 MS. MATERA: Objection. Asked and
19 answered.

20 A That is correct.

21 **Q Let me show you what I have marked as**
22 **Defendants' Exhibit 94, which is an e-mail with an**
23 **attachment beginning on IKB000064408 through**
24 **64584.**

25 **Please take a moment to look it over**

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1 **Highly Confidential - R. Foresman**
2 and let me know when you are ready. My first
3 question will be whether you recognize this
4 document.

5 (Defendants' Exhibit 94 marked for
6 identification as of this date.)

7 A Okay.

8 Q And you see that this exhibit has as
9 its cover page, or the first piece of this exhibit
10 is an e-mail string; correct?

11 A It appears to be an e-mail, yes.

12 Q And it starts with an e-mail from
13 Steve McCullough to Christian Rohde; correct?

14 A Yes, that is what it says.

15 Q Who is Mr. Rohde?

16 A I believe he is somebody that is a
17 part of IKB, but I don't know for sure.

18 Q And Mr. McCullough's e-mail that
19 starts this string is dated September 10, 2007;
20 right?

21 A Yes.

22 Q And he asks a series of questions
23 about the Rhinebridge SIV; correct?

24 A Yes, that is what is included.

25 Q Then there is a -- a response from
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1 **Highly Confidential - R. Foresman**
2 already?)." **Do you see that?**

4 A Yes, I do.

5 Q Then there is, in fact, an attachment
6 to this e-mail, which begins on page 410; right?

7 A Yes.

8 Q Do you recognize this attachment?

9 A I have seen this document before.

10 Q What is it?

11 A It appears to be the Rhinebridge PPM.

12 Q And you see the very first page, 410,
13 under "Important Notice," it states: "The
14 commercial paper notes described in the attached
15 private placement memorandum (as defined below)
16 (the USCP notes) have not been, and will not be,
17 registered under the United States Securities Act
18 of 1933 as amended (the Securities Act) or the
19 securities laws of any state of the United States
20 or the securities laws of any other jurisdiction."

21 **Do you see that?**

22 A Yes, I do.

23 Q Was ISL aware of that fact at the
24 time it invested?

25 MS. MATERA: Objection. Vague and
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1 **Highly Confidential - R. Foresman**
2 Amrit Bains at the bottom of page 408; correct?

3 A That is correct.

4 Q Dated September 11, 2007; right?

5 A Yes, that is what it says.

6 Q And then Mr. McCullough writes back
7 with -- on that same day, September 11, 2007;
8 right?

9 A That is the date on the e-mail.

10 Q And he writes, "Please send me a copy
11 of the private placement memorandum and/or other
12 documents describing the tests and restriction
13 events in the transaction as soon as possible."
14 Correct?

15 A Yes, that is what it says.

16 Q Did ISL have a copy of the
17 information memorandum for the Rhinebridge SIV at
18 any time prior to September 11, 2007?

19 A I do not believe so.

20 Q Then Mr. Bains writes back that same
21 day; correct?

22 A The dates are the same, yes.

23 Q And he writes, "As requested, please
24 find attached a copy of the USCP PPM as at launch
25 (did you not get a copy of this from the dealers
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1 **Highly Confidential - R. Foresman**
2 ambiguous.

3 A At the time of our investment, we
4 obtained the rating only.

5 Q And you were not aware of the fact
6 that the commercial paper was not registered?

7 MS. MATERA: Objection. Vague and
8 ambiguous. Asked and answered.

9 A That is information we would not have
10 had at the time of investment.

11 Q You mean it's information you did not
12 have; right?

13 A We did not have that.

14 Q You are not saying you didn't have
15 access to that information, are you?

16 MS. MATERA: Objection. Misstates
17 prior testimony. Vague and ambiguous.
18 Calls for speculation.

19 A I am saying we did not have it.

20 Q And the second paragraph states The
21 USC -- I will paraphrase. The USCP notes may only
22 be offered to a qualified institutional buyer or a
23 qualified purchaser.

24 **Do you see that paragraph?**

25 A Yes, I do.

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1 Highly Confidential - R. Foresman
2 **Q And was ISL aware that the**
3 **Rhinebridge notes it purchased were only available**
4 **to QIBs and QPs at the time it invested?**

5 MS. MATERA: Objection. Calls for a
6 legal conclusion. Vague and ambiguous.

7 A We were only aware of the rating at
8 the time of investment.

9 **Q And not the fact that the investment**
10 **was only available to QIBs and QPs?**

11 MS. MATERA: Objection. Vague and
12 ambiguous. Calls for a legal conclusion.
13 Misstates prior testimony.

14 A We did not have this statement at the
15 time of investment.

16 **Q When did you sign a certification**
17 **indicating that ISL was a QIB?**

18 MS. MATERA: Objection. Lack of
19 foundation.

20 A The most recent recollection was
21 during the Rhinebridge -- during restructuring
22 Rhinebridge.

23 **Q At the time of the Rhinebridge**
24 **investments, at the time the Rhinebridge**
25 **investments were originally made, had ISL ever**
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1 Highly Confidential - R. Foresman
2 have been going over an hour, so, when it
3 makes sense for you to take a break, it
4 would be great.

5 A You said 421?

6 **Q Yes.**

7 A Okay.

8 **Q You see that the first sentence**
9 **begins, "Potential purchasers should determine."**
10 **Do you see that?**

11 A Yes, I do.

12 **Q It says, "Potential purchasers should**
13 **determine for themselves the relevance of the**
14 **information contained in this USCP private**
15 **placement memorandum as supplemented from time to**
16 **time, and their decision to purchase any of the**
17 **USCP notes should be based upon such investigation**
18 **as they themselves deem necessary."**

19 Do you see that?

20 A Yes, I do.

21 **Q Did ISL understand at the time it**
22 **invested in Rhinebridge, that its decision to**
23 **invest should be based on such investigation as**
24 **they deemed necessary?**

25 MS. MATERA: Objection. Vague and
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1 **Highly Confidential - R. Foresman**
2 **analyzed whether or not it was a qualified**
3 **institutional buyer?**

4 MS. MATERA: Objection. Vague and
5 ambiguous. Asked and answered. Calls for a
6 legal conclusion.

7 To the extent you can answer that
8 question without revealing privileged
9 attorney-client communications, you may do
10 so.

11 A Yes, before that we had guidance from
12 our -- our counsel.

13 **Q And did ISL certify to its brokers**
14 **that it was a qualified institutional buyer prior**
15 **to investing in Rhinebridge?**

16 MS. MATERA: Objection. Vague and
17 ambiguous.

18 A On at least a couple of occasions, we
19 provided information to Wells Fargo.

20 **Q Any other brokers?**

21 A I don't believe the other brokers
22 asked, at least anything in writing that I recall.

23 **Q Taking a look at Bates stamp page**
24 **421. It's a couple of pages in.**

25 MS. MATERA: And at any point -- we
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1 Highly Confidential - R. Foresman
2 ambiguous. Calls for a legal conclusion.

3 A At the time of investment, we did not
4 have this statement. We have based our investment
5 on the ratings assigned, and understood that
6 that -- that ratings process vetted all necessary
7 requirements to obtain that rating, and that's
8 what we used as it complied with the investment
9 policy.

10 **Q What do you mean, vetted all**
11 **necessary requirements to obtain that rating?**

12 A Well, rating agencies go through a
13 process to consider all relevant information to
14 reach their -- their ratings level on an
15 investment.

16 **Q Well, we have already established**
17 **that ISL had no information about the ratings of**
18 **SIVs; isn't that right?**

19 MS. MATERA: Objection. Misstates
20 prior testimony.

21 **Q We don't need to do that again, do**
22 **we?**

23 MS. MATERA: Objection. Misstates
24 prior testimony. Vague and ambiguous.
25 Argumentative.

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EXHIBIT 2

<p style="text-align: right;">Page 230</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 A Can you repeat the question?</p> <p>3 Q Yes.</p> <p>4 We have already established that ISL</p> <p>5 did not have information about the ratings of</p> <p>6 SIVs; isn't that right?</p> <p>7 MS. MATERA: Object -- same</p> <p>8 object- --</p> <p>9 Q At the time it invested in</p> <p>10 Rhinebridge.</p> <p>11 MS. MATERA: Same objections.</p> <p>12 A We did not have specific information</p> <p>13 on the process that -- that the rating agencies</p> <p>14 went through on SIVs, that's correct.</p> <p>15 Q And leaving aside whether ISL had</p> <p>16 seen the particular statement that I read, did ISL</p> <p>17 understand that its decision to invest in</p> <p>18 Rhinebridge should be based upon the investigation</p> <p>19 that it considered necessary prior to investing in</p> <p>20 Rhinebridge?</p> <p>21 MS. MATERA: Objection. Asked and</p> <p>22 answered. Vague and ambiguous.</p> <p>23 A Iowa Student Loan for many, many</p> <p>24 years followed a process to rely on the ratings</p> <p>25 and understood that the rating agencies went</p> <p>TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 231</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 through a process to determine those ratings,</p> <p>3 built upon lots of information, much more</p> <p>4 information than we had, and if information, you</p> <p>5 know, about all of the pieces within a particular</p> <p>6 investment didn't warrant that particular rating,</p> <p>7 then the rating agency wouldn't provide that --</p> <p>8 that determination.</p> <p>9 So, that's what we relied upon, that</p> <p>10 was our practice, and that's what we followed in</p> <p>11 this case. We were investing in commercial paper.</p> <p>12 Q As a qualified institutional buyer,</p> <p>13 did ISL understand that it was expected to conduct</p> <p>14 its own analysis of investments?</p> <p>15 MS. MATERA: Objection. Calls for a</p> <p>16 legal conclusion. Vague and ambiguous.</p> <p>17 Outside the scope of the deposition notice.</p> <p>18 A Well, personally, with our experience</p> <p>19 on ratings, and years of following those, and</p> <p>20 knowing the investment policy, that's what we</p> <p>21 followed. That was the -- the criteria necessary.</p> <p>22 Q Did anyone ever represent to ISL that</p> <p>23 it was appropriate for it to make investment</p> <p>24 decisions based only on ratings?</p> <p>25 MS. MATERA: Objection. Vague and</p> <p>TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 232</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 ambiguous. Calls for a legal conclusion.</p> <p>3 A I would say yes, because the bond</p> <p>4 indentures indicated these were the investments</p> <p>5 that -- and the ratings levels that you were</p> <p>6 supposed to invest in.</p> <p>7 Q Did anyone ever say to ISL or</p> <p>8 represent to ISL that it was appropriate not to</p> <p>9 consider anything else other than the eligibility</p> <p>10 criteria?</p> <p>11 MS. MATERA: Objection. Vague and</p> <p>12 ambiguous. Calls for a legal conclusion.</p> <p>13 To the extent answering that question</p> <p>14 requires you to reveal attorney-client --</p> <p>15 privileged attorney-client communications,</p> <p>16 do not reveal those communications, but you</p> <p>17 may otherwise answer the question.</p> <p>18 A We did not have any specific guidance</p> <p>19 to do other things.</p> <p>20 Q Did anyone ever represent to ISL that</p> <p>21 it was appropriate to invest in the Rhinebridge</p> <p>22 SIV based only on the rating?</p> <p>23 MS. MATERA: Objection. Vague and</p> <p>24 ambiguous. Calls for a legal conclusion.</p> <p>25 Again, to the extent, answering that</p> <p>TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 233</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 question would require you to reveal</p> <p>3 privileged attorney-client communications, I</p> <p>4 would instruct you not to reveal those</p> <p>5 communications. However, you may otherwise</p> <p>6 answer the question.</p> <p>7 A At the time of investment into</p> <p>8 Rhinebridge, we followed the investment criteria</p> <p>9 in the indenture.</p> <p>10 Q That doesn't answer my question,</p> <p>11 though. Did anyone ever tell ISL that it was</p> <p>12 appropriate to invest in Rhinebridge based only on</p> <p>13 the rating?</p> <p>14 MS. MATERA: Objection. Asked and</p> <p>15 answered. Vague and ambiguous. Calls for a</p> <p>16 legal conclusion.</p> <p>17 To the extent answering that question</p> <p>18 would require you to reveal privileged</p> <p>19 attorney-client communications, I instruct</p> <p>20 you not to reveal those communications.</p> <p>21 However, you may otherwise answer the</p> <p>22 question.</p> <p>23 MR. OWEN: Object to the instruction,</p> <p>24 again.</p> <p>25 A I would say personally that the</p> <p>TSG Reporting - Worldwide 877-702-9580</p>

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1 Highly Confidential - R. Foresman
2 rating agencies gave us approval to invest based
3 on the investment criteria that they approved in
4 the bond indentures.

5 **Q Did ISL tell the rating agencies that**
6 **it wasn't considering anything other than the**
7 **eligibility criteria?**

8 MS. MATERA: Objection. Vague and
9 ambiguous. Outside the scope of the
10 deposition notice.

11 A I don't have any recollection of
12 that, that communication.

13 MR. PEREZ-MARQUES: I have got a
14 couple more minutes on this document. I
15 would suggest wrapping up on this, but if
16 people are dying for a break --

17 MS. MATERA: Are you okay?

18 THE WITNESS: I'm okay.

19 MS. MATERA: Okay.

20 **Q Let me direct your attention to**
21 **page 432. In fact, I'm sorry, before we get**
22 **there, let me direct your attention to page 422.**

23 A Okay.

24 **Q And you see at the bottom of this**
25 **page, the second-to-last paragraph begins, "The**
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1 Highly Confidential - R. Foresman
2 **USCP program is rated."**

3 **Do you see that?**

4 A Yes, I do.

5 **Q And then the second sentence of this**
6 **states, "A rating reflects only the views of S&P,**
7 **Moody's and Fitch, as the case may be, and is not**
8 **a recommendation to buy, sell or hold the USCP**
9 **notes."**

10 **Do you see that?**

11 A Yes, I do.

12 **Q Did ISL understand at the time it**
13 **invested in Rhinebridge that the ratings were not**
14 **recommendations to buy?**

15 MS. MATERA: Objection. Calls for a
16 legal conclusion. Vague and ambiguous.

17 A We wouldn't have had this specific
18 statement at the time of investment, but I believe
19 we understood that the ratings was just one input
20 into an investment decision.

21 **Q Did ISL understand that the ratings**
22 **reflected opinions on the part of the rating**
23 **agencies?**

24 MS. MATERA: Objection. Vague and
25 ambiguous. Calls for a legal conclusion.
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1 Highly Confidential - R. Foresman

2 A I don't know if we ever considered
3 them opinions. I think they were endorsements
4 that an investment would have a -- a -- the right
5 information and the right structure to -- to meet
6 the criteria of that assigned rating.

7 **Q Do you see that the sentence I read**
8 **begins, "A rating reflects only the views of S&P,**
9 **Moody's and Fitch, as the case may be," and then**
10 **it continues? Do you see that?**

11 A Yes, I do.

12 **Q At the time ISL invested in**
13 **Rhinebridge, did it understand the ratings to**
14 **reflect anyone's views other than the rating**
15 **agencies' that assigned them?**

16 MS. MATERA: Objection. Vague and
17 ambiguous. Calls for a legal conclusion.

18 A Can you ask that again, please?

19 **Q Yes.**

20 **At the time ISL invested in**
21 **Rhinebridge, did ISL understand the ratings to**
22 **reflect anyone's views other than the rating**
23 **agencies' that assigned them?**

24 MS. MATERA: Same objections.

25 A No.

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1 Highly Confidential - R. Foresman

2 **Q The sentence after the one I read**
3 **states, "An explanation of the significance of**
4 **each such rating may be obtained from the related**
5 **rating agency."**

6 **Do you see that?**

7 A Yes.

8 **Q Was ISL aware of that fact at the**
9 **time it invested in Rhinebridge?**

10 MS. MATERA: Objection. Vague and
11 ambiguous.

12 A Not specifically for Rhinebridge.

13 **Q But generally, ISL was aware that**
14 **explanations of the significance of ratings could**
15 **be obtained?**

16 MS. MATERA: Objection. Vague and
17 ambiguous. Beyond the scope of the
18 deposition notice.

19 A Well, I think personally there is
20 general knowledge that the rating agency provide
21 definitions, make that available.

22 **Q Did ISL make any effort to obtain**
23 **these definitions prior to investing in**
24 **Rhinebridge?**

25 MS. MATERA: Objection. Vague and
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1 Highly Confidential - R. Foresman
2 ambiguous.

3 A Once again, we did not, because we
4 were relying on the ratings process and
5 understanding that ratings process, and that in
6 order to reach that ratings, that certain things
7 had to be met and -- or else that rating shouldn't
8 have been assigned.

9 Q Let me direct your attention to
10 page 432, which is titled "Risk" -- or it begins
11 the section titled "Risk Factors."

12 A Okay.

13 Q And the second paragraph here states,
14 "Each potential investor in the USCP notes must
15 determine the suitability of that investment in
16 light of its own circumstances."

17 Do you see that?

18 A Yes, I do.

19 Q Did ISL understand when it invested
20 in Rhinebridge that it was expected to determine
21 the suitability of that investment in light of its
22 own circumstances?

23 MS. MATERA: Objection. Vague and
24 ambiguous.

25 A I think Iowa Student Loan knew that
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1 Highly Confidential - R. Foresman
2 if an investment met all applicable criteria, that
3 it was a suitable investment for us.

4 Q And did ISL understand that it was
5 expected to assess suitability?

6 MS. MATERA: Objection. Vague and
7 ambiguous.

8 A I believe our process had defined
9 that for us in that the investment guidelines laid
10 out these levels of investments at these ratings,
11 and that the rating agencies approved that, and
12 they subjected our investment to all of those
13 factors that led them to their rating, so the
14 rating agency was doing that, and it allowed us to
15 select investments according to those criteria.

16 Q Did anyone ever represent to ISL that
17 the rating agency's process for rating SIVs was
18 the same as its process for rating the notes
19 offered by ISL?

20 MS. MATERA: Objection. Calls for a
21 legal conclusion. Beyond the scope of the
22 deposition notice. Vague and ambiguous.

23 A Personally, I understand the ratings
24 process, but, you know, each investment is going
25 to be different. So I wouldn't know that the
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1 Highly Confidential - R. Foresman
2 criteria the rating agency went through or the
3 process was exactly the same.

4 Q Did anyone represent to ISL that it
5 was even partially the same?

6 MS. MATERA: Objection.

7 Q To rate a SIV as to rate the notes
8 issued by ISL?

9 MS. MATERA: Objection. Calls for a
10 legal conclusion. Beyond the scope of the
11 deposition notice. Vague and ambiguous.

12 A Personally, no. I mean, the ratings
13 process was vetted based on that -- the criteria
14 to reach that rating.

15 Q After the sentence I read, it
16 continues: "In particular, each potential
17 investor should," and then there is a list of five
18 items.

19 Do you see those?

20 A Yes, I do.

21 Q And the first one is, "Each potential
22 investor should, A, have sufficient knowledge and
23 experience to make a meaningful evaluation of the
24 USCP notes, the merits and risks of investing in
25 the USCP notes, and the information contained in

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1 Highly Confidential - R. Foresman
2 this USCP private placement memorandum or any
3 supplement thereto."

4 Do you see that?

5 A Yes, I do.

6 Q Did ISL understand at the time it
7 invested in Rhinebridge that it was expected to
8 have sufficient knowledge and experience to make a
9 meaningful evaluation of the notes?

10 MS. MATERA: Objection. Vague and
11 ambiguous. Calls for a legal conclusion.

12 A Yes. Our sufficient knowledge and
13 experience was based on using the ratings against
14 the ratings criteria in the investment policy.

15 Q The next item on this list,
16 continuing the sentence that precedes it, says,
17 "Each potential investor should, B, have access to
18 and knowledge of appropriate analytical tools to
19 evaluate, in the context of its particular
20 financial situation, an investment in the USCP
21 notes and the impact the USCP notes will have on
22 its overall investment portfolio."

23 Do you see that?

24 A Yes, I do.

25 Q Did ISL understand that it was
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1 Highly Confidential - R. Foresman
 2 **Q Does that refresh your recollection**
 3 **that it was in the discretion of the security**
 4 **trustee as to whether or not to redeem ISL's**
 5 **investment on October 23, 2007?**
 6 A I believe in --
 7 MS. MATERA: Objection. Vague and
 8 ambiguous. The document speaks for itself.
 9 A The "security trustee" here is
 10 referring to BONY.
 11 **Q Um-hum.**
 12 A I thought you were referring to the
 13 receiver.
 14 **Q So, let me ask you again, is it your**
 15 **understanding that it was up to the security**
 16 **trustee as to whether or not to redeem ISL's**
 17 **outstanding commercial paper on October 23, 2007?**
 18 MS. MATERA: Objection. Calls for a
 19 legal conclusion. Vague and ambiguous.
 20 A I don't have a legal opinion on what
 21 the documents say, but our belief was that the
 22 trustee managed the outflow of funds to the
 23 investors, and they would be the ones that would
 24 make payment to us.
 25 **Q And it was -- as far as you were**
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1 Highly Confidential - R. Foresman
 2 EXAMINATION
 3 BY MR. ZEISLER:
 4 **Q Mr. Foresman, I'm Aaron Zeisler. I**
 5 **represent the Moody's defendants in this case.**
 6 **Sir, you testified that ISL did not**
 7 **review any reports published by any of the rating**
 8 **agencies in connection with its decision to invest**
 9 **in Rhinebridge SIV; correct?**
 10 MS. MATERA: Objection. Misstates
 11 prior testimony. Vague and ambiguous.
 12 A At the time of the investment, we did
 13 not.
 14 **Q Correct.**
 15 **So, when you testified that you**
 16 **relied on -- that ISL relied on ratings, you meant**
 17 **that ISL considered the letter ratings assigned to**
 18 **Rhinebridge; correct?**
 19 MS. MATERA: Objection. Calls for a
 20 legal conclusion. Misstates prior
 21 testimony. Vague and ambiguous.
 22 A Yes. Our process would use the
 23 letter ratings, as it relates to that particular
 24 investment.
 25 **Q Right.**
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1 **Highly Confidential - R. Foresman**
 2 **concerned, it was the security trustee's decision;**
 3 **correct?**
 4 MS. MATERA: Objection. Vague and
 5 ambiguous. Calls for a legal conclusion.
 6 A I don't know if we are saying that it
 7 was the security trustee's decision, but the
 8 security trustee should make payment to us.
 9 MR. MCFERRIN-CLANCY: I have nothing
 10 further, or I should say, we have a dispute
 11 as to how long the deposition should go.
 12 I'm sorry. In light of that, we are all
 13 trying to be accommodating to co-counsel.
 14 So, although I do have other questions,
 15 subject to ruling on that dispute, I will
 16 pass the chair, as it were.
 17 MS. WOOD: Let's go off the record.
 18 THE VIDEOGRAPHER: The time is
 19 7:06 p.m.
 20 We are off the record.
 21 (Discussion held off the record.)
 22 THE VIDEOGRAPHER: The time is
 23 7:07 p.m.
 24 We are on the record.
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1 **Highly Confidential - R. Foresman**
 2 **And to be clear, ISL never bothered**
 3 **to review the ratings reports published by the**
 4 **agencies themselves about Rhinebridge SIV before**
 5 **investing; correct?**
 6 MS. MATERA: Objection. Misstates
 7 prior testimony. Vague and ambiguous.
 8 A We did not review those reports prior
 9 to investing.
 10 **Q And you testified that you yourself**
 11 **perused, I think you used the word "perused" the**
 12 **ratings, after the Rhinebridge investment was**
 13 **made; correct?**
 14 MS. MATERA: Objection. Misstates
 15 prior testimony. Vague and ambiguous.
 16 A I don't recall that.
 17 **Q Did you ever peruse the ratings?**
 18 MS. MATERA: Objection. Vague and
 19 ambiguous.
 20 A The rating statements from the rating
 21 agencies?
 22 **Q No. The letter ratings.**
 23 MS. MATERA: Objection. Vague and
 24 ambiguous.
 25 A Oh. Well --
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1 Highly Confidential - R. Foresman
 2 MS. MATERA: Outside the scope of the
 3 deposition notice.
 4 A Yes, I have seen the letter ratings.
 5 **Q Did you personally ever look at them**
 6 **before the investment decision was made?**
 7 MS. MATERA: Objection. Beyond the
 8 scope of the deposition notice. Vague and
 9 ambiguous.
 10 A I did not personally see them before
 11 the investment was made.
 12 **Q Did ISL understand that the ratings**
 13 **on Rhinebridge SIV could be revised at any time?**
 14 MS. MATERA: Objection. Vague and
 15 ambiguous. Outside the scope of the
 16 deposition notice.
 17 A Well, I think personally, our
 18 understanding of the ratings, yes, the ratings can
 19 change.
 20 **Q Okay. And ISL wasn't monitoring the**
 21 **ratings on Rhinebridge after it purchased the SIV**
 22 **in July, 2007, was it?**
 23 MS. MATERA: Objection. Misstates
 24 prior testimony. Vague and ambiguous.
 25 A After the investment was made in
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1 Highly Confidential - R. Foresman
 2 ask questions, I will finish at another
 3 point.
 4 MR. OWEN: Likewise on behalf of S&P.
 5 MR. ZEISLER: Let's go off the
 6 record.
 7 THE VIDEOGRAPHER: The time is
 8 7:12 p.m.
 9 We are off the record.
 10 (Recess taken.)
 11 THE VIDEOGRAPHER: The time is
 12 7:14 p.m.
 13 We are on the record.
 14 EXAMINATION
 15 BY MS. WOOD:
 16 **Q Mr. Foresman, my name is Julia**
 17 **Tarver-Mason Wood. I'm an attorney at Paul Weiss.**
 18 **We represent Fitch.**
 19 **When did you personally become aware**
 20 **that ISL invested in Rhinebridge?**
 21 MS. MATERA: Objection. Beyond the
 22 scope of the deposition notice.
 23 A The -- the date that I signed the --
 24 I don't know if we have a name for it -- the sheet
 25 that goes to the trustees where we have dual
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1 Highly Confidential - R. Foresman
 2 July, we did not monitor that rating.
 3 **Q Is it your testimony that someone at**
 4 **ISL was monitoring the ratings on Rhinebridge SIV**
 5 **in August 2007?**
 6 MS. MATERA: Objection. Vague and
 7 ambiguous.
 8 A Not as a regular practice, but up
 9 until the point we had another investment that had
 10 some issues, we started to research and review,
 11 and at that point we were aware.
 12 So, prior to that, no, we did not
 13 monitor.
 14 **Q Well, at what point did ISL begin**
 15 **monitoring the ratings of Rhinebridge SIV?**
 16 MS. MATERA: Objection. Asked and
 17 answered. Vague and ambiguous.
 18 A I can't say, I can't say for sure the
 19 exact point, but it was sometime after August 23,
 20 2007.
 21 MR. ZEISLER: Those are the questions
 22 that I have at this point, but I join in the
 23 objections of other defense counsel that I
 24 have more questions, but in the interest of
 25 time, and allowing codefendant's counsel to
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1 Highly Confidential - R. Foresman
 2 signatures, that these are the investments and the
 3 particulars of that investment.
 4 **Q And what, if anything, did you learn**
 5 **about the Rhinebridge investment at the time you**
 6 **signed that sheet?**
 7 A I would see the ratings, the term. I
 8 don't recall if there was the -- if the discount
 9 amount was on there, but the dollar amount, the
 10 name of the investment, the fund that it related
 11 to, the bond fund.
 12 **Q So, you saw the contents of that**
 13 **sheet, but nothing more than the contents of that**
 14 **sheet of paper; correct?**
 15 A That is correct.
 16 MS. MATERA: Objection. Move to
 17 interpose an objection between the question
 18 and the answer, beyond the scope of the
 19 deposition notice.
 20 **Q And did you have any discussions with**
 21 **anyone at that time concerning the Rhinebridge**
 22 **investment?**
 23 A Not that I recall.
 24 **Q When was the first time you recall**
 25 **having any discussions with anyone concerning**
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